

# State Revolving Fund (SRF) Loan Program

State Water Resources Control Board (State Water Board)

Division of Financial Assistance

(<http://www.waterboards.ca.gov/funding/index.html>)

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# SRF Program Objective

- Protect the water quality of the State; and
- Protect and promote the health, safety, and welfare of the citizens of the State.

# Eligible Projects

- Publicly owned treatment facilities such as, wastewater treatment, including installation and major rehabilitation of sewer lines, and storm water prevention/reduction;
- Water recycling projects; and
- Nonpoint source and estuary enhancement projects (expanded use).

# SRF Overview

- Since inception in 1989, about 360 loans totaling more than \$4.0 billion to local governments and non-profit organizations in California; typically \$200 - \$300 million per year
- Projects must be on Priority List; funding based on readiness to proceed
- Two types of loans: low interest and local match loans
- Low interest loans: about 2.5% (1/2 of most recent General Obligation Bond rate)
- Local match: 0% in exchange for local agency contributing 1/6 of loan principal
- Loan repayment over 20 years; loan repayment begins one year after Completion of Construction
- \$50 million per agency per year; multiple years can receive State Water Board approval at one time



# Local Match Loans

- State match equal to 20 percent of the Federal Capitalization Grant
- Water Code allows State Water Board to accept state match from local agencies in return for zero-interest SRF loans (Subsection 13480 of Chapter 6.5 of Division 7)
- Principal amount of the loan includes the state match contributed by loan recipient

# Low Interest Loan vs. Local Match Loan (Example)

	Low Interest	Local Match
SRF Funds	\$10,000,000	\$8,333,333
Local Funds	\$0	\$1,666,667
Total Loan	\$10,000,000	\$10,000,000
Annual Payment	\$635,428	\$500,000
Total Repayments	\$12,708,550	\$10,000,000
Assumes Interest Rate = 2.4% for conventional loan; interest = 0 for local match		

# State Revolving Fund Policy

- *Policy For Implementing the State Revolving Fund for Construction or Wastewater Treatment Plants*
  - Last amended July 2007
  - Download at:  
([http://www.waterboards.ca.gov/funding/srf\\_policy.html](http://www.waterboards.ca.gov/funding/srf_policy.html))
  - Refer to Appendix A of the SRF Policy for an overview of the funding process (Flow Chart)
- *Strategy For Implementing SRF For Expanded Use Projects*

# SRF Funding Process

- Priority List
  - Projects recommended annually by Regional Water Board
  - Adopted in June for coming fiscal year
  - Projects can be added during the year at State Water Board's discretion
- Kickoff Meeting: State staff and Project representatives
- Application: Accepted continuously
- Facility Plan Review and Approval
- Preliminary Funding Commitment: Approximately one-two months after Facility Plan Approval
- Design Review and Approval
- Execute Loan Agreement
- Construction
- Operational Shakedown and Project Certification



# Key Documents in Application

- Application and other documents
  - Forms and instructions are available at:  
([http://www.waterboards.ca.gov/funding/srf\\_forms.html](http://www.waterboards.ca.gov/funding/srf_forms.html))
- Project Report
- Environmental and Cultural Resource Documents
- Draft Revenue Plan
- Water Conservation Plan

# Project Report

- Statement of project needs and benefits including water quality and/or public health problem to be corrected
- Discussion of existing and projected wastewater characteristics (i.e., population, flow, loadings, etc.)
- Cost-effectiveness evaluation of project alternatives
- Discussion of selected project alternative

# Environmental and Cultural Resource Documents

- Compliance with “CEQA Plus” (CEQA plus NEPA-like requirements)
  - Endangered Species Act
  - Cultural Resources: Section 106 of National Historic Preservation Act
  - Clean Air Act
- Guidelines available at:  
([http://www.waterboards.ca.gov/funding/docs/srf/appendix\\_e.pdf](http://www.waterboards.ca.gov/funding/docs/srf/appendix_e.pdf))

# Draft Revenue Program Approval

- Draft Revenue Program
  - Loan recipients must have equitable user charge system and the legal, institutional, managerial, and financial capability to construct, operate, and maintain the proposed project
  - Must be submitted to receive Facility Plan Approval
    - Including an draft resolution dedicating source of revenue to repay the SRF loan
  - Must be approved to execute loan agreement
    - Including an adopted resolution dedicating source of revenue and establishing wastewater capital reserve fund
- See SRF Policy for Revenue Program guidelines (Appendix G)  
([http://www.waterboards.ca.gov/funding/docs/srf/appendix\\_g.pdf](http://www.waterboards.ca.gov/funding/docs/srf/appendix_g.pdf))



# Water Conservation Plan

- Applicant must adopt a water conservation program consistent with local ordinances and authorities, or
- Become signatory to the California Urban Water Conservation Council's "Memorandum of Understanding Regarding Urban Water Conservation in California"
- If applicant is not a water purveyor:
  - applicant must certify that 75% of the water connections in its service area are covered by an adopted water conservation plan, or
  - demonstrate the purveyor has signed the MOU for at least 75% of the water connections in the applicant's service area

# SRF \$\$\$ Now and Future

## ■ Current status

- ~\$190 million in repayments per year
- Federal Grants continue to decrease; possibly ending by 2011; estimated 2008 grant = \$50 million
- \$80 million from Prop 84
- Positioned to pursue Revenue Bonds if necessary

# 2008-2009 SRF Priority List

- Electronic Application (FAAST) – 1/14/2008 through 2/22/2008
  - Easy to use; help-line available
  - Apply at: <https://faast.waterboards.ca.gov/>
- Regional Board Recommendations Due 3/7/2008
- Post Draft List On Website – 3/24/2008
- State Water Board Adoption Of List – 6/17/2008

# Questions and Answers

## Further Information:

<http://www.waterboards.ca.gov/funding/srf.html>